2015 Business and Financial Plan

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SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

Mission Statement

The Saskatchewan Assessment Management Agency develops, regulates and delivers a stable, cost-effective assessment system that is accurate, up-to-date, universal, equitable and understandable.

The Saskatchewan Assessment Management Agency is responsible for Saskatchewan's property assessment base with a value of over $160 billion. This property assessment base is the foundation for fairly distributing over $1.64 billion of property taxes levied annually by municipalities and the Province to Saskatchewan property owners.

The agency has a two-fold responsibility to the Province and municipalities. Its governance responsibilities for the property assessment system include property assessment research and policy development, maintaining a central database of property assessments, providing assessment information to the Province and assuring the quality of assessments. In addition, the agency provides assessment valuation services to 762 client municipalities and to the Province for the education sector. In 2014, 10 municipalities, formerly being serviced by an independent service provider, opted in to SAMA.

Under assessment valuation services the agency maintains the assessment valuations for client municipalities on over 818,000 properties – 475,000 agricultural land properties, 260,000 residential and commercial properties and 83,000 industrial properties. Assessment valuation services include annual maintenance reviews, periodic property reinspections, complete revaluations every four years and support of value services.

2015 Overview

The agency's four-year plan for 2014-17 was established with direction from its funding partners. Fiscal responsibility and balanced budgets are essential to the Government's commitment to a plan of balanced growth. This means that the agency's spending has to be affordable for the funding parties and sustainable over the long term.

The agency's partners also identified that priority needs to be given to property reinspections, and that the amount of resources expended on revaluations in the past has detracted from property reinspections. The spending priorities established in the agency's four-year plan will enable all properties to be reinspected at least once every 12 years.

The agency's focus is on sustaining current levels of service for our governance responsibilities, continuing to improve the delivery of assessment valuation services to our clients, and building the capacity to reinspect all properties on a continuous and regular basis.

The agency will build capacity by increasing the efficiency of operations and pursuing smarter delivery of programs, and doing so without any additional employees. The agency will continue to build on Lean improvements, implement innovative new business processes, and invest in new technologies to build its capacity to continue providing up-to-date assessment valuations for its client municipalities.

The agency's work translates into tangible benefits for the Province and client municipalities in the form of additional property tax revenues to fund education and municipal services.

The property assessment base is estimated to continue growing at 2.5% annually. The annual maintenance program will continue to capture this growth, providing $25 million annually in additional property tax revenues for education and municipalities.

An estimated 2.2% of the property assessment base in not currently being assessed, with lost property tax revenues to municipalities and education totalling $30 million. Our commitment to renew the property reinspection program will provide an additional estimated $183 million for education and municipalities over 12 years following implementation of all new technology and business processes in 2017.

Strategies and Actions

Strategy

Provide up-to-date, quality property assessment valuations to the Provincial government and client municipalities.

Key Actions

Annual maintenance program

- Provide annual maintenance reviews of 40,000 residential, commercial and agricultural properties (10% decrease from 2014 to account for introduction of service fee) and 81,000 industrial properties.
- Maintain current on-time service delivery levels.

Revaluation program

- Verify property sales transactions for 50,000 property transfers registered with Land Titles.
- Estimating a 15% efficiency gain in market analysis for 2015.
- Maintain current continuous sales verification service levels.
- Use Lean processes to redesign revaluation business processes to improve program efficiency and reduce total resources by 25% for the 2017 Revaluation.

Reinspection program

Inspection plans have been developed based on a range of properties/day to account for potential variations in maintenance volumes. This approach provides a range from 2,364 to 3,290 days available for reinspection.

- Reinspect 11,870 agricultural land properties in eight rural municipalities.
- Reinspect 7,400-16,100 residential and 2,700-3,100 commercial properties (includes 800 industrial properties).
- Open forms efficiency gains will not be realized for carry-over maintenance in Q1 of 2015 as this is when open forms is being introduced to appraisal staff. Estimate a 15% gain in 2015 reinspection work and 2016 maintenance completed in 2015.

Support of value

- Provide support of value services to client municipalities including professional management of property assessment appeals, one-on-one assessment reviews with property owners, and attending to appeals filed with local board of revisions, the Saskatchewan Municipal Board and the Court of Appeal.
- Maintain current support of value service levels

Public services

- Provide client municipalities, the Provincial government, stakeholders and property owners with reliable and timely access to property assessment records, confirmed municipal assessment totals and information on property value trends in Saskatchewan.
- Through informational materials, training workshops and other initiatives, continue to work with client municipalities, stakeholders and property owners to educate and raise awareness of the property assessment system, and assessment policies and practices.

Strategy

Support Saskatchewan's growing economy with a fair and equitable property assessment system.

Key Actions

- Completion and approval of the 2017 manual, cost guide and market value handbooks and associated updates of all the rates on the CAMA system needed to begin market analysis (slated to start in early 2015).
- Finalize and implement a simplified residential property cost model for revaluation program use starting in 2015 and inspections program use starting in 2016.
- Coordinate the implementation and application of the new focused inspection of agricultural land process.

Technological applications

- Phase I of the Govern update project includes the implementation of open forms, a more efficient data entry system which will significantly decrease data entry time to enter assessment information on to the system. Phase I is scheduled for implementation in Q1 2015.
- Phase II of the Govern update will be completed in 2015. Phase II of the Govern system upgrade completes the conversion to open forms dot.NET, adds additional functionality to support new business processes and includes handheld application licenses.
- Completion of both phases will establish the foundation that the TIP program will rely on which includes GIS, remote data collection and a web portal.
- Develop business-to-business web portal and business to public for use starting in 2016.
- Commence 2-year development project for geographic information systems for use with remote data collection tablets.
- Commence 2-year development project for remote data collection tablets for use starting in 2017.
- Operate and maintain the existing Saskatchewan Property Assessment Network (SPAN), the computer assisted mass appraisal system used to derive and store property assessments.

Assessment roll confirmations

- Ensure compliance with property assessment statutory requirements.
- Confirm municipal assessment rolls that are accurate and have been completed in accordance with the Municipal Acts.

Strategy

Manage our business effectively and efficiently.

Key Actions

- Utilize Lean value-stream mapping events and other tools to increase the efficiency and effectiveness of work processes.
- Develop and maintain computer-assisted technologies that optimize the Agency's business operations.
- Ensure leadership, relationship, learning and workforce systems are aligned to deliver quality services effectively.
- Strengthen management, administrative and accountability practices.
- Provide professional services, technical services and assessment information services to business clients.
- Enhance BPI and change management activities to support new technology and processes.

Property Reinspection Program Initiative

The agency's commitment to reinspect all properties at least once every 12 years will be attained by increasing the agency's capacity to do reinspections with the current operational workforce of 145.75 FTEs. This will be accomplished by:

- Allocating additional appraiser resources to the reinspection program, attained through business process improvements in the annual maintenance and revaluation programs.
- Simplifying property inspection processes.
- Improving business systems.
- Acquiring new technologies.

Allocation of appraiser resources

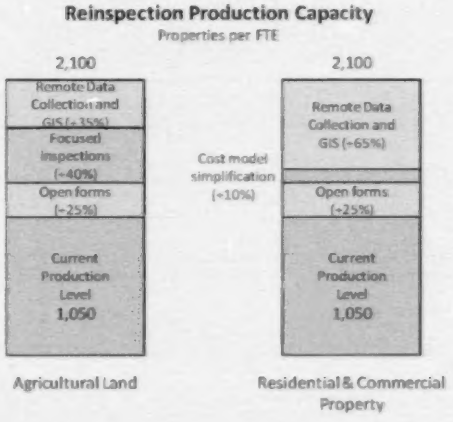
Annual maintenance processes that improve efficiency and productivity will result in the reallocation of 14 FTEs to the property reinspection program by 2018. Open forms and cost model simplification will reduce the amount of appraiser time needed to review a property by 25%. The web business-to-business portal and remote data collection tablets will reduce the amount of appraiser time an additional 20%.

Simplified **revaluation processes** for urban properties will result in the reallocation of an average of 5 FTEs annually to the property reinspection program and 1.5 FTEs to the support of value program. The use of improved sales verification processes, less complex valuation models, market value trending and GIS technologies will improve revaluation efficiency and contribute to reducing the amount of appraiser time needed by 25% from an average of 25 to 18.5 FTEs annually.

Simplified property reinspection processes

The agricultural land reinspection program will be redesigned from a detail-based inspections process to a focused inspections process. Focused agricultural land inspections will identify those properties where the soil productive capacity or acreage data is out-of-date, and use detail-based inspection methods for only those properties.

The development of a focused inspection process for agricultural land is continuing to be piloted in rural municipalities in 2014. Full implementation of the new process will commence in 2015.



Focused agricultural land inspections will eliminate the effort required for detailed inspections of approximately 75% of agricultural land properties. Used in conjunction with open forms, remote data collection and GIS technologies productivity will double to 2,100 property inspections per FTE by 2018.

Cost model simplification will reduce and reorganize the amount of property information that is currently collected to assess a typical building from over 150 to as few as 45 elements of information. The simplified cost model will be available for market analysis work in 2015, and property inspections in 2016. Simplifying the costs models will improve the efficiency of annual maintenance and reinspection programs 10% by 2017. Additional significant benefits will be realized by using simplified cost models in the remote data collection tablets being developed for use starting in 2017.

Improved business systems

Open forms technology will be used to develop simplified and reorganized user-friendly property data collection forms for appraisers and to develop a more efficient interface for entering property data into the Saskatchewan Property Assessment Network (SPAN). Open forms for inspections will be developed for residential and agricultural land use in 2014 and for commercial and industrial use in 2015. Open forms will improve the efficiency of annual maintenance and reinspection programs and services by 25% when fully implemented.

The **web business-to-business portal** will allow annual maintenance lists and sales verification questionnaires to be submitted electronically to the agency, thereby reducing the amount of preparation and finalization time required by the current paper-based systems. The web business-to-business and business-to-public portal will be developed in 2015 for use in 2016.

New technologies

This is a four-year capital technologies infrastructure project that will acquire proven technological systems already being used by the mass appraisal industry. These electronic systems will replace the current paper-based manual systems.

Geographic information system (GIS) and digital imagery technologies will eliminate the current paper-based mapping and image display systems. Currently assessment records are stored in three separate formats – property data is in the SPAN system, agricultural land use maps and building diagrams are in paper-based files, and aerial and property photographs are in separate electronic files that must be printed. GIS technology will link these systems electronically, add mapping technology for area calculations, and display functionality on remote data collection tablets.

Remote data collection tablets will eliminate the current paper-based data collection and manual data entry methods. Current processes require the manual preparation of work lists, the printing of forms, maps and photos, and the manual recording of data on worksheets and re-entry of the data into the SPAN system. RDCs will allow electronic assessment records to be downloaded, updated and uploaded to the SPAN system, eliminating a lot of manual effort and reducing the problem of transposition errors.

The use of GIS and remote data collection technologies will improve the inspection efficiency of urban property by 65% and agricultural land 35% when they are completed and implemented.

Industrial Properties

With continued significant growth expected in Saskatchewan's energy and minerals sectors, the capacity of the industrial property assessment program will need to be further increased to meet growing demand for additional property assessments.

The agency will progressively double the capacity of the industrial program by 2017. Additional Industrial appraiser FTEs will be reallocated from the agency's current complement of 145.75 FTEs, bringing the total number of industrial appraisers from 4.0 to 6.5 FTEs. In May 2014 a data entry position was converted to an Industrial appraiser position. Lean process improvements, open forms, cost model simplification and remote data collection tablets will improve the efficiency of the industrial property assessment program by 25%.

Financial Estimates

2015 Budget

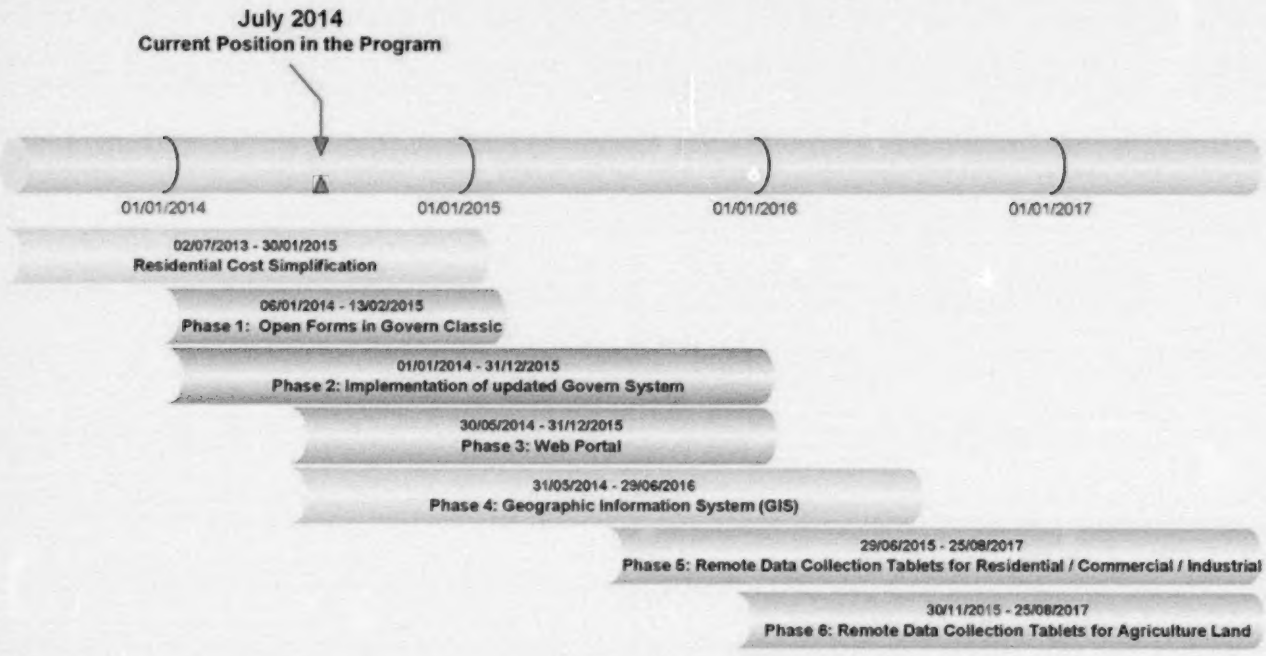
Operating Budget [1]	Adjusted 2014	2015	Variance from 2014 Amount	%
REVENUES (000s)				
Provincial - Operating	$10,087	$10,238	$151	1.5%
SAMA Municipal Invoice	6,375	6,566	191	3.0%
Municipal Service Fee	0	317	317	5.1%
Other Revenue	429	436	7	1.6%
Total Operating Revenues	**$16,891**	**$17,557**	$666	3.9%
EXPENDITURES (000s)				
Salaries and Benefits	$12,275	$12,588	$313	2.5%
Other Expenses	4,794	4,969	175	3.7%
Total Expenditures	**$17,069**	**$17,557**	$488	2.9%
Surplus (Deficit)	**-$178**	**$0**		
Unrestricted surplus	178	0		
Ending Surplus (Deficit)	**$0**	**$0**		
FTE Staff Complement	**145.75**	**145.75**		

1. The agency also provides assessment valuation services to the City of Moose Jaw under contract. The revenues and expenses ($486,890) and permanent employee positions (6 FTEs) associated with this contract are not included in the Agency's operating budget.
2. The SAMA Municipal Invoice has been adjusted to include 10 new municipalities in 2014. These former clients of CD Consulting will pay $108,901 in 2014 and $112,200 in 2015 for assessment services. One additional appraiser position was added to the staff complement at the beginning of 2014 to service the 10 new clients.

Capital Budget

	2014	2015
REVENUES (000s)		
Province - Technology Premium	$0	$612
Reallocation of SAMA internal reserves	$641	$0
Municipal - Technology Premium	624	612
Total Technology Development Revenues	**$1,265**	**$1,224**
EXPENDITURES (000s)		
Phase I update - more efficient data entry	$654	$0
Phase II update - conversion to dot.net	611	459
Phase III - web portal & GIS development	0	765
Total Technology Development Expenditures	**$1,265**	**$1,224**

The following timeline schedule illustrates a number of the agency's major initiatives over the four years, 2014-17, including the Technology Infrastructure (TI) Program. As highlighted, 2015 will see the completion of Phase II of the conversion of the legacy CAMA system to a .NET environment. The agency will then be well-positioned to leverage further enhancements such as remote data collection and GIS capabilities.


July 2014
Current Position in the Program
01/01/2014
01/01/2015
01/01/2016
01/01/2017
02/07/2013 - 30/01/2015
Residential Cost Simplification
06/01/2014 - 13/02/2015
Phase 1: Open Forms in Govern Classic
01/01/2014 - 31/12/2015
Phase 2: Implementation of updated Govern System
30/05/2014 - 31/12/2015
Phase 3: Web Portal
31/05/2014 - 29/06/2016
Phase 4: Geographic Information System (GIS)
29/06/2015 - 25/08/2017
Phase 5: Remote Data Collection Tablets for Residential / Commercial / Industrial
30/11/2015 - 25/08/2017
Phase 6: Remote Data Collection Tablets for Agriculture Land

How Resources Will be Used

Operational expenditures will increase 2.9% in 2015.

- The number of permanent positions will remain at 2014 level of 145.75 FTEs.
- Employee salaries and benefits will increase 2.5%. Budget estimates include earned annual increments, reclassifications and negotiated collective bargaining adjustments of 1.7% in 2015.
- Other expenses will increase 3.7%. Computer expenses will increase 7.8% to provide for increased maintenance costs for updating the Govern program. Office rent will increase 4.0% to provide for increases in market rents. All other expenses (office costs, land titles, professional services, staff training, computer services, legal services and aerial imagery) will increase 1.1%.
- Governance costs (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) will total $6.0 million.
- Assessment valuation services costs (annual maintenance, revaluation, property reinspection and support of value programs) will total $11.121 million – $6.883 million for municipalities and $4.238 million for education.

New technologies development project.

- Total project cost will be $4.896 million – $1.531 million for Open Forms and conversion of the existing system to a dot.NET environment and $3.365 million for a web portal, remote data collection tablets, GIS and associated project management support costs and licensing.
- The 2015 cost allocation will be $1.224 million and will be used to fund the completion of Phase II of the Govern update project and start development of a web portal and GIS capabilities.

SAMA Municipal Invoice (Municipal Requisition)

- Based on stakeholder feedback received from the June 4th 2013 budget consultation meeting the increases to the SAMA Municipal Invoice in 2014 and 2015 will be phased-in evenly at 8.1% per year.
- In 2015 a 3% cost of living increase will be applied evenly to all municipalities. The remaining balance of 5.1% will be funded by charging a $20 user-pay fee on most 2014 maintenance pick-ups, including supplementary maintenance for the 2014 roll, covering the period May 1, 2014 to December 31, 2014.
- Any amounts raised beyond the required budget from the user-pay fee will be used to defray the following year's cost of living increase.

Funding Request

Provincial and Municipal Funding (000's)	2014	2015	Funding Share	Variance from 2014 Amount	%
Provincial Funding					
Governance	$6,000	$6,000	100%	$0	0.0%
Assessment Valuation services	4,087	4,238	38%	$151	3.7%
Technology Development	0	612	50%	612	***
Total Provincial Funding	**$10,087**	**$10,850**		$763	7.6%
Municipal Funding					
Assessment Valuation services	$6,375	$6,883	62%	$508	8.1%
Technology Development	612	612	50%	0	100.0%
Total Municipal Funding	**$6,987**	**$7,495**		$508	7.3%

How Funding will be Shared

Operational funding will be allocated to the funding parties in proportion to benefits.

- 100% of governance (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) to the Province.
- 38% of assessment valuation services to the Province and 62% to client municipalities – based on 2012 property tax levies for education and municipalities.
- Assessment valuation services funding shares will be phased-in over 2014 and 2015. The provincial share will decrease from 40% in 2014 to 38% in 2015, and the municipal share will increase from 60% in 2014 to 62% in 2015.

Technology development funding will be allocated to the funding parties on an equal basis.

2015 Funding Shares

Total **provincial funding** for operating will increase $150,660 (1.5%).

- Governance funding will remain at $6.0 million.
- Assessment valuation services funding will increase $150,660 to $4.238 million.
- New technology development funding will be $612,000 ($0 in 2014).

Total **municipal funding** for operating will increase $508,400 (8.1%).

- Assessment valuation services funding will increase $508,400 (8.1%) in 2015 to $6.883 million.
- New technology development funding will remain at 2014 level of $612,000.

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